

CORRECTED FISCAL NOTE

HB 196 - SB 183

March 23, 2001

SUMMARY OF BILL: Removes gasoline and diesel tax from fuel sold at marinas for use in boats, motorboats and personal watercraft.

ESTIMATED FISCAL IMPACT:

On February 12, 2001 we issued a fiscal note on this bill which indicated a *decrease in state revenues to the highway fund exceeding \$1,000,000 and a one-time increase in state expenditures of \$25,000.*

Based upon revised information requested from the Department of Revenue, the estimated fiscal impact of the bill is:

**Decrease State Revenues - \$330,000/Highway Fund
\$4,000/General Fund**

Increase State Expenditures - \$25,000 One-Time

Decrease Local Govt. Revenues - \$198,000

Estimate assumes the following:

- Approximately 2,701,329 gallons of fuel are purchased by boat users at marinas, of which 2,431,196 gallons (90%) is gasoline and 270,133 gallons (10%) is diesel fuel.
- The state tax rate is \$0.20 cents per gallon on gasoline and \$0.17 cents per gallon on diesel fuel.
- The decrease in revenues is estimated to be \$532,162 and is calculated as follows:
 - Gasoline 2,431,196 x .20 = \$486,239
 - Diesel Fuel 270,133 x .17 = \$45,923
- A one-time increase in state expenditures of \$25,000 for Department of Revenue MIS system modification costs.

For information purposes, gasoline tax revenues are currently allocated as follows: 0.7% General Fund, 46.5% State Highway Fund, 14.5% Sinking Fund, 12.7% City Fund, 25.5% County Fund and 0.1% to the Tennessee Wildlife Resources Agency. Diesel fuel tax revenues are allocated as follows: 1.1% General Fund, 72.7% Highway Fund, 8.7% City Fund and 17.5% to the County Fund.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director

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